IN THE

Supreme Court of the United States

October Term, 1979

No. 79-660

THE DUPLAN CORPORATION, *et al.*,

Cross-Petitioners,

v.

DEERING MILLIKEN, INC., DEERING MILLIKEN RESEARCH CORPORATION, MOULINAGE ET RETORDERIE DE CHAVANOZ, ATELIERS ROANNAIS DE CONSTRUCTIONS TEXTILES, AND ARCT, INCORPORATED,

Cross-Respondents.

BRIEF IN OPPOSITION TO THE CONDITIONAL CROSS-PETITION FOR A WRIT OF CERTIORARI

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Cross-respondents DMRC and Chavanoz ask this Court to deny the "conditional cross-petition for a writ of certiorari."

More importantly, we offer the hope that the cross-petition will not obscure—by an air of seeming complexity—the essentially simple issues presented by our petition.

The Questions Presented in the Cross-Petition Do Not Warrant Review by This Court

The cross-petition presents four questions for possible review by this Court. Each challenges the refusal of the lower courts to extend the antitrust laws even farther than those courts were willing to go into areas sanctioned by neither precedent nor reason.

A. The Division of Patent Rights

The first three questions presented by the cross-petition arise from the fact that Chavanoz entered into license arrangements with separate parties for the exploitation of its patent rights—one party licensed to manufacture and sell the patented inventions, and another licensed to issue royalty-bearing use licenses. To protect the value of its patents, Chavanoz agreed with its manufacturer licensee that the licensee would not deliver machinery embodying the inventions to anyone who had not entered into a royalty agreement.

Cross-petitioners characterize this limitation as an unlawful restraint of trade. The cross-petition thus presents the question whether the antitrust laws prevent a patentee from "restraining" the unauthorized use of his invention—*i.e.*, preventing infringement—by conditioning delivery of machinery embodying the invention on procurement of a use license.

The lower courts' refusal to brand the Chavanoz licensing system an unlawful restraint of trade is consistent with the results reached by other courts of appeals when presented with the identical question,* and follows the decisions of this Court holding that "the right to make, the right to sell, and the right to use" a patented invention are divisible rights which "may be granted or conferred separately." *Brulotte* v. *Thys Co.*, 379 U.S. 29, 31 (1964).**

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* In re Yarn Processing Validity Litigation, 541 F.2d 1127 (5th Cir. 1976), *cert. denied*, 433 U.S. 910 (1977); Extractol Process, Ltd. v. Hiram Walker & Sons, Inc., 153 F.2d 264, 268 (7th Cir. 1946).

** *Accord*, General Talking Pictures Corp. v. Western Electric Co., 304 U.S. 175 (1938); Adams v. Burke, 84 U.S. (17 Wall.) 453, 456 (1873).

B. The Miscellaneous Licensing Claims

While the first three questions are merely different expressions of the same issue, the fourth question presented in the cross-petition is a catchall embracing what cross-petitioners describe as "a whole host of areas of antitrust concern" (Cross-Petition at 24), among these: (1) whether granting rights under a number of related patents, without objection by any party, constitutes a tying arrangement proscribed by the Sherman Act (*id.* at 24-25); and (2) whether a grant-back clause which guarantees licensees the right to use any improvements developed by a manufacturer violates the antitrust laws where it extends the license beyond the term of the initial patents and requires a continuation of royalty payments—but only so long as a licensee chooses to use any of the patented improvements (*id.* at 27).

Neither these questions nor any of the permutations discussed in the cross-petition are claimed to be subjects of a divisive split of authority, to have profound effect on the outcome of other cases, or to involve any other compelling justification for review by this Court. Cross-petitioners simply claim that these issues were wrongly decided.

Conclusion

Unlike the lower courts' finding a settlement agreement to be a horizontal conspiracy in restraint of trade, no new ground was broken here.

The cross-petition for a writ of certiorari should be denied.

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Respectfully submitted,

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